

# *Trade Policy in 2005: The United States and Korea*

**Presentation by Kurt Tong  
Minister-Counselor for Economic Affairs, U.S. Embassy  
FKI/IMI New CEO Forum  
January 12, 2005**



# Agenda

- Trade Policy in 2005
  - WTO and the Doha Round
  - Korea
  - United States
  - Korea and the United States
- An American View of Korea in Northeast Asia
  - A “SWOT” Analysis

# WTO Doha Round: Looking Back

- November 2001: Doha Declaration  
→ Hope is Born
- September 2003: Cancun Ministerial  
→ Disaster Strikes
- July 2004: “July Package”  
→ Hope Returns

# WTO Doha Round: Looking Forward

- March/April: Service Sector Offers, Manufactured Goods Negotiations
- June 1-3: Jeju APEC Trade Ministerial
- November 18-19: Busan APEC Leaders' Meeting
- December 13-18: Hong Kong Ministerial Conference

# WTO Doha Round: Key Questions

- Progress in NAMA/Services/Agriculture?
- Will NAMA beneficiaries make bold offers in services talks?
- Will progress continue on agricultural market access?
- For United States: Will we be able to convince Europe, Group of 20 to act?
- For Korea: Be a leader or a follower?

# Korea: Trade Policy in 2005

- Likely to continue aggressive approach on Free Trade Agreements:
  - Conclude and ratify Singapore agreement
  - Significant progress on Japan agreement
  - Brick-laying on ASEAN and Canada
- “After Rice” → More Attention to Doha Round
- APEC: Opportunity for Leadership and Bilateral Breakthroughs with U.S., China

# United States: Trade Policy in 2005

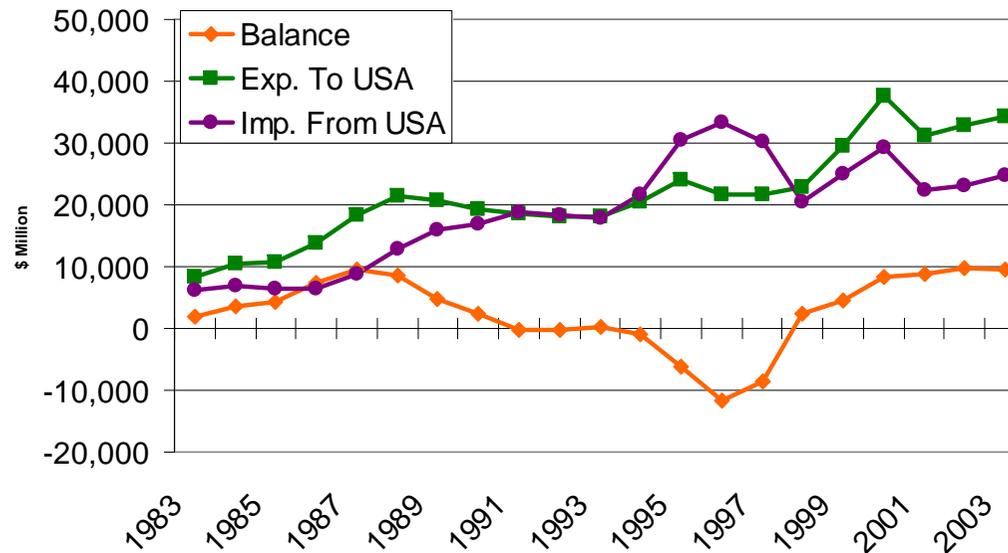
- Continue to actively pursue bilateral and multilateral FTA's
  - Concentration on the Americas
  - Concentration on the “Willing” – politically and in trade policy
- Push hard to make major progress in Doha Round, balanced across services and NAMA, but especially in agriculture

## U.S. & Korea: 2005 is a Crucial Year

- Korea's hosting of APEC will increase bilateral dialogue and coordination, including on APEC
- U.S. will seek progress in trade areas of concern: agriculture, autos, telecom, intellectual property rights, pharmaceuticals
- Moment of Opportunity: Potential for a breakthrough to acceleration of improvement and deepening in bilateral trade ties

# Korea Often Runs Trade Surplus with United States

Trade Between United States and Korea



# Looking at Korea from the U.S.

- A strategic presence in Northeast Asia, economically as well as politically
  - An Open Economy
  - Committed to Democracy
  - Significant human and technological resources
  - Interested in regional integration
  - Interested in extra-regional anchors, in order not to drown as surrounded by giants
- A Natural Partner for the United States, even beyond meeting the North Korea threat

# A “SWOT” Analysis

- **Strengths**

- Technology savvy
- Human resources
- Solid macroeconomics

- **Weaknesses**

- Labor-management ties
- Regulatory opacity
- Corporate governance

- **Opportunities**

- China and Japan proximity
- Relationship with U.S.
- APEC 2005

- **Threats**

- China and Japan proximity
- Lack of confidence
- Political paralysis/insularism

# Conclusion

- Strengths are all permanent or long-lasting
- Weaknesses stem from short industrial development history
- 2005 will be a good year for minimizing threats and utilizing opportunities
- A chance for Korea to excel in trade policy, deepen its economic ties to the United States, and thereby become stronger in the region